

**S.E.C. RULE 15c2-12
ANNUAL REPORT
FISCAL YEAR ENDED JUNE 30, 2006**

The State of California (the "State"), acting by and through the State Treasurer's Office of the State of California, hereby provides its annual report for the fiscal year ended June 30, 2006 in connection with the following:

Bond Issue

Name of Issue	Dated Date	Date of Continuing Disclosure Agreement
Sacramento City Financing Authority Lease Revenue Bonds, State of California CAL-EPA Office Building, 1998 Series A	11/1/98	11/10/98

The base CUSIP number for the bond listed above is 785846 - _ _ _.

Note: The base CUSIP number provided is for the convenience of Bondholders. The State Treasurer's Office is not responsible for the accuracy or completeness of such numbers.

Annual Report

The State's "annual report" (as defined in the Continuing Disclosure Agreement for the Bonds) for the fiscal year ended June 30, 2006 consists of:

1. The Audited Basic Financial Statements of the State for fiscal year ended June 30, 2006, which is incorporated herein attached as Exhibit 1.
2. The financial information is contained in Appendix A, which is incorporated herein attached as Exhibit 2. The Appendix A as attached is an appendix to the Preliminary Official Statement, dated March 21, 2007, with respect to State of California General Obligation Refunding Bonds.
3. The insurance required by the Lease relating to the Bonds is in effect.

Other Matters

This annual report is provided solely for purposes of the Continuing Disclosure Agreement. The filing of this report does not constitute or imply any representation (i) that all of the information provided is material to investors, (ii) regarding any other financial, operating or other information

about the State or the Bonds, or (iii) that no changes, circumstances or events have occurred since the end of the fiscal year to which this report relates (other than as referred to in this report), or that no other information exists, which may have a bearing on the State's financial condition, the security for the Bonds, or an investor's decision to buy, sell, or hold the Bonds. The information contained in this report has been obtained from sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. No statement in this annual report should be construed as a prediction or representation about future financial performance of the State.

Dated: March 30, 2007

State of California

Original signed by Lai Louie
Deputy State Treasurer
For State Treasurer, Bill Lockyer